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Market Administrator's

BULLETIN

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Manufacturing Milk Use Continues Above Year Earlier

The Dairy Situation, Economic Research Service USDA, July, 1967

During January-May 1967, milk used for manufactured dairy products (including imported ingredients) was about 6 percent above a year earlier. The increase has slackened from almost 10 percent in January to an estimated less-than-5 percent in May. Although above levels of a year earlier, milk used in manufactured products during the first 5 months of 1967 was 6 percent less than in the same period in 1965. Based on weekly butter and cheese production reports, June supplies of milk for manufacturing continued above last June. With somewhat higher marketings, larger dairy imports and lower fluid whole milk sales, third quarter supplies of milk for manufacturing will likely continue above year earlier levels.

Through June 22, U.S. 1967 butter production was up 13 percent. Butter production is expected to continue above low year earlier levels during the third quarter. Nonfat dry milk production in January-April was up about 3 percent from the low year earlier levels.

Gains in American cheese production, from a year earlier, have narrowed during January-May. Production was up 1 percent in May and 1 percent during the first 2 weeks of June compared with 25 percent in January. Output of other types of cheese during January-May was about 2 percent below a year ago. Production of Brick and Munster cheese, and all Italian cheese varieties gained 1 percent, while output of Swiss cheese was down about 9 percent from a year earlier during January-May 1967.

Production of evaporated and condensed milk (case goods) in January-April was down sharply from a year ago probably due to high levels of manufacturers' stocks and the drop in commercial disappearance. Evaporated milk production in recent months has been the lowest since the 1930's.

January-May frozen dessert production was up about 1 percent from a year earlier. Ice milk increased: sherbet and ice cream output were unchanged. Ice cream output—down in April—gained 2 percent in May.

Commercial Disappearance Declines

The Dairy Situation, Economic Research Service, USDA, July, 1967

The commercial disappearance of milk in all dairy products in January-May declined sharply from a year earlier. Among major products, declines occurred in fluid whole milk and cream, butter, canned milk and nonfat dry milk. Commercial disappearance of cheese, ice milk, and fluid skim milk items increased, ice cream and sherbet remained about the same.

Sales of fluid whole milk in selected State and Federal milk marketing areas have been below a year earlier since mid-1966, and were over 2½ percent below a year earlier early in 1967. This compares with gains of about 1 percent over the previous year during the first half of 1966. Declines in sales of cream and milk and cream mixtures have continued this year. For January-March this year they were 2 and 5 percent respectively below the same months of 1966. Among fluid items, only skim milk products, (including low-fat items, buttermilk, etc.), had higher sales than a year earlier. Sales of skim milk products were up over 13 percent from a year earlier in early 1967, following annual gains from the previous year of 8 percent in 1965 and 12 percent in 1966.

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

	July 1967	June 1967	July 1966
Producers' Uniform Price (3.5%)	\$4.97	\$4.80	\$4.94
Class I (3.5%)	5.70	5.60	5.51
Class II (3.5%)	3.91	3.91	4.05
Producer Butterfat Differential for each one-tenth percent	9.1¢	8.9¢	9.2¢

UTILIZATION SUMMARY

	July 1967	June 1967	July 1966
Percent of Producer Milk in Class I	70.0	67.0	75.0
Percent of Producer Butterfat in Class I	68.2	64.9	73.3
Percent of Producer Milk in Class II	30.0	33.0	25.0
Percent of Producer Butterfat in Class II	31.8	35.1	26.7

PRODUCER MILK RECEIPTS

	July 1967	June 1967	July 1966
Total Pounds Producer Milk Delivered	44,834,708	47,489,111	41,985,579
Average Daily Class I Producer Milk	1,020,510	1,072,274	1,354,374
Total Number of Producers	1,577	1,544	1,498
Average Daily Receipts per Producer	917	1,013	904
Average Butterfat Test	3.54	3.57	3.53
Total Value of Producer Milk at Test	\$2,326,734	\$2,416,729	\$2,169,574
Income per Producer (7 Day Average)	\$333	\$360	\$327

GROSS CLASS USE (Pounds)

	July 1967	June 1967	July 1966
Class I Skim	30,288,587	30,730,161	30,390,339
Class I Butterfat	1,083,245	1,099,626	1,086,941
Class I Milk	31,371,832	31,829,787	31,477,280
Class II Skim	12,956,655	15,064,114	10,111,710
Class II Butterfat	506,221	595,210	369,589
Class II Milk	13,462,876	15,659,324	10,508,299

AVERAGE DAILY SALES (Quarts)

	July 1967	June 1967	July 1966
Milk	361,465	378,366	371,485
Buttermilk	5,806	6,396	6,934
Chocolate	15,209	18,881	16,777
Skim	9,567	10,921	10,218
Cream	5,977	6,492	7,025

COMPARATIVE STATISTICS

COLUMBUS MARKETING AREA

JULY, 1958 - '67

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1958	25,099,314	3.67	72.0	8.8	11.0	8.2	3.51	4.079	3.679	3.514	2.856	1,808	448
1959	26,599,943	3.67	79.6	8.3	4.1	8.0	3.76	4.293	3.893	3.279	2.879	1,749	491
1960	27,223,982	3.67	75.5	7.8	3.5	13.2	3.63	4.206	3.806	3.784	2.883	1,644	534
1961	28,284,509	3.61	73.1	8.8	4.6	13.5	3.89	4.48	4.08	3.499	3.164	1,241	735
1962	31,679,728	3.59	72.7	8.2	5.0	14.1	3.56	4.12	3.752	3.556	2.936	1,311	780
1963	36,129,136	3.55	73.7	8.9	5.8	11.6	3.64	4.19	3.811	3.61	2.99	1,358	858
1964	46,821,764	3.54	71.1	28.9	—	—	3.73	4.26	3.12	—	—	1,668	906
1965	43,692,961	3.5	78.1	21.9	—	—	4.06	4.55	3.17	—	—	1,632	864
1966	41,985,579	3.53	75.0	25.0	—	—	4.94	5.51	4.05	—	—	1,498	904
1967	44,834,708	3.54	70.0	30.0	—	—	4.97	5.70	3.91	—	—	1,577	917

CASEIN TRADE IN 1967

The Dairy Situation, Economic Research Service, USDA, July, 1967

U.S. casein imports in the first quarter of 1967 totaled 21.9 million pounds compared with 22.6 million pounds a year earlier. Last year, casein imports increased 18 percent from 1965 to 108 million pounds, about the same as in 1964.

Most of the principal supplying countries were offering casein for prompt shipment. However, despite improving business activity, the prospective market for casein continues light. Casein prices for January-May 1967 averaged about 2 cents per pound below a year earlier. These declines followed an average drop of 10 cents per pound in 1965. At the current low prices, advance offerings for fall or later shipments are limited, especially from New Zealand and Australia, where increased production of nonfat dry milk is expected to sharply cut future casein production.

Casein (mainly for industrial use) accounted for over 30 percent of the value of all U.S. dairy imports last year. The United States is the leading world market for casein and accounts for over one-third of world casein trade.

The four largest casein exporters to the United States—New Zealand, Argentina, Australia, and Canada—accounted for 80 percent of U.S. imports in 1966. While imports from Argentina dropped last year, those from the other three countries gained by about one-tenth from 1965. French and Polish casein exports to the United States increased in 1966 fourfold over 1965.

World casein trade during 1966 appears to have increased over 1965. supplies were more freely available, and prices were below the 1965 levels. Exports from France were twice the

1965 level because milk production increased. Australia reported a 16 percent gain in casein exports and Canadian exports also rose. These increases more than offset declines in casein exports by New Zealand and Argentina.

During the second half of 1966, casein production in New Zealand and Australia fell about 10 percent, due largely to the increased use of skim milk for making nonfat dry milk. Nonfat dry milk production expanded sharply in both countries last year, as prices became more favorable to its manufacture.

Whether casein or nonfat dry milk is manufactured from skim milk depends on their relative prices. The market for nonfat dry milk was generally firm last year, because demand increased in Western Europe and U.S. production fell.

World Milk Output Rising

The Dairy Situation, Economic Research Service USDA, July, 1967

Estimated cows' milk production in 37 important producing countries—which normally account for about 85 percent of the world's supply—was up almost 1½ percent in 1966 from a year earlier, following a gain of about 2 percent in 1965. Production in 1966 totaled about 659 billion pounds in these countries.

Milk production in the European Common Market countries increased 3 percent over the previous year in 1966, with France and Italy registering gains of over 4 percent. The

larger production was due to generally good weather, ample roughage supplies, relatively favorable prices, and a higher number of cows in some countries.

In the first quarter of 1967, milk deliveries in Western Europe continued to increase. Deliveries in EEC countries increased by 3½ percent, including 8 percent in France and 3 percent in West Germany. Milk shipments in the other West European countries were up about 1 percent from a year earlier.

Estimated milk output in Oceania was about 5 percent greater in 1966 than in 1965. In early 1967, New Zealand weather conditions have been good for dairying and about 5 percent more butterfat was processed in January-February than a year earlier. Prospects are for record production in March and April. Australian production is again rising after severe drought caused a sharp decline in 1965. July-December 1966 production was nearly 7 percent higher than year earlier levels.

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COMMERCIAL DISAPPEARANCE

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After remaining fairly stable from 1964 to 1966, commercial disappearance of butter in January-May 1967, fell 17 percent from a year earlier. Commercial disappearance of nonfat dry milk also was down 17 percent and that of canned milk declined sharply.

January-May 1967 commercial disappearance of cheese was about 2½ percent above year earlier levels. This gain was only about a third of the January-May 1966 increase from a year earlier.

These sharp declines in sales of many dairy products brought commercial disappearance of milk in all dairy products (milk equivalent, fat solids basis) during January-May 1967 down an estimated 5 percent from a year earlier. This drop appears to be a major cause of the large increase in CCC purchases so far this year compared with the first half of 1966. On a milk equivalent basis, total fluid milk product sales are estimated some 2½ percent lower than a year earlier, though the decline on a weight basis appears to be about 1 percent. Manufactured product sales (milk equivalent basis) in January-May are estimated down 7 percent from a year earlier.

Market Quotations

JULY
1967

MINNESOTA - WISCONSIN PRICE SERIES	\$3.95
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.91
Average Price per lb. 92-score butter at Chicago	.6647
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1946

Per Capita Sales of Dairy Products Down

The Dairy Situation, Economic Research Service, USDA, July, 1967

Population is gaining about 1¼ percent in 1967, and per capita sales of dairy products are continuing downward. Total sales (product weight) of fluid products in January-May are estimated to be down about 1 percent from a year earlier. However, on a per capita basis, the decline would be over 2 percent. The sales decline would be over 2 percent. The sales decline from a year earlier may slow or stop in the last half of 1967 for the following reasons:

(1) Retail prices likely will be close to year earlier levels;

(2) Expectations are for an improved rate of economic growth in the second half of the year.

(3) Comparisons will be with the relatively low last half 1966 sales rather than with the growing sales in the first half.

The decline in per capita sales of manufactured products also may ease as the year progresses. At present,

however, it appears doubtful that 1967 sales of milk in all products will reach 1966 levels.

Per capita sales of fluid products (product weight basis) edged upward after 1961 and in 1966 were 305 pounds per person, about 1 percent above the 1961 level, but well below levels reached during the 1950's.

Per capita sales of cheese reached a new high in 1966, with a 9 percent gain from 1965 for American cheese and a 6 percent rise in other cheese. Nonfat dry milk sales per person were up 10 percent to the highest figure since 1961. Ice cream sales were down slightly to a 3.8 gallons per person from 3.9 gallons. Per capita butter sales, which had been fairly stable for several years, fell sharply. Evaporated milk sales per person continued to trend downward. Sales per person of other products were about unchanged from 1965.